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Bumi lots' levy urged to be waived

Govt should waive the release levy on Bumiputera lots instead to allow developers to dispose more units into the market

by FARA AISYAH

A MECHANISM that would ease the release of Bumiputera lots in the property market is more pertinent to boost interest among buyers, apart from all the incentives that were recently announced by the government.

CBRE Group Inc and CH Williams Talhar & Wong Sdn Bhd MD Foo Gee Jen said the short-term recovery stimulus measures announced last Friday may not boost the residential property market as many potential buyers remain cautious with the spending.

"Everyone is buying needs only, big ticket items like property would probably be the last thing on everyone's mind, so the exemption does not make any difference to help developers or the overhang situation.

"However, no effort has been done in assisting developers to release the Bumiputera lots. The government should waive the release levy instead, to allow developers to dispose of a lot more units into the market," he said.

Foo added that the discounts should then be translated to the prices for buyers.

Prime Minister Tan Sri Muhyiddin Yassin last Friday announced several measures to aid the property market, including the reintroduction of the Home Ownership Campaign (HOC).

Under the nine-month period from June to May 2021, the 70% margin of financing limit for the third housing loan onwards for property valued at RM600,000 and above will be lifted, subject to the financial institution's internal risk management.

The Real Estate and Housing Developers'



Rehda welcomes the incentives given to the industry, and in particular is gratified for measures announced for the property market, says Soam

Association (Rehda) Malaysia president Datuk Soam Heng Choon said the measures rolled out under the short-term National Economic Recovery Plan will help play a key role in reforming the economic standing of all industries by encouraging consumption and spending, as well as to boost employment.

He added that Rehda welcomes the incentives given to the industry, and in particular is gratified for measures announced for the property market.

"We are confident the incentives will help alleviate the burden of buyers in homeownership and ultimately contribute to the growth of the economy," he noted in a statement last week.

An expert in the property market, however, said it is more important to assess the root cause of the overhang situation in the property market.

"What matters is whether the price is reasonable or market driven. It is important to gauge the level of pricing which the market can accept. HOC should be more effective

in terms of market dynamics and not merely as another form of generic marketing," the expert said.

That said, HOC 2019 cleared some RM23.2 billion worth of houses, surpassing the initial target of RM17 billion.

Housing and Local Government Minister Zuraida Kamaruddin previously said the programme managed to clear 31,415 residential units developed by federal and state governments and private builders last year.

The recent National Property Information Centre's Property Market Status Report 2019 showed the residential overhang in the country stood at 30,664 units worth RM18.82 billion in 2019, a decline of 5.1% and 5.3% in volume and value respectively, against 32,313 overhang units valued at RM19.86 billion in 2018.

Commercial property recorded 25,044 overhang units worth RM20.81 billion, increasing by 40.9% and 49.6% in volume and value respectively, against 17,769 overhang units worth RM13.91 billion in 2018.